

Reframing Profit

Proposed Level 7 Criteria for Non-Profit vs. For-Profit Designations

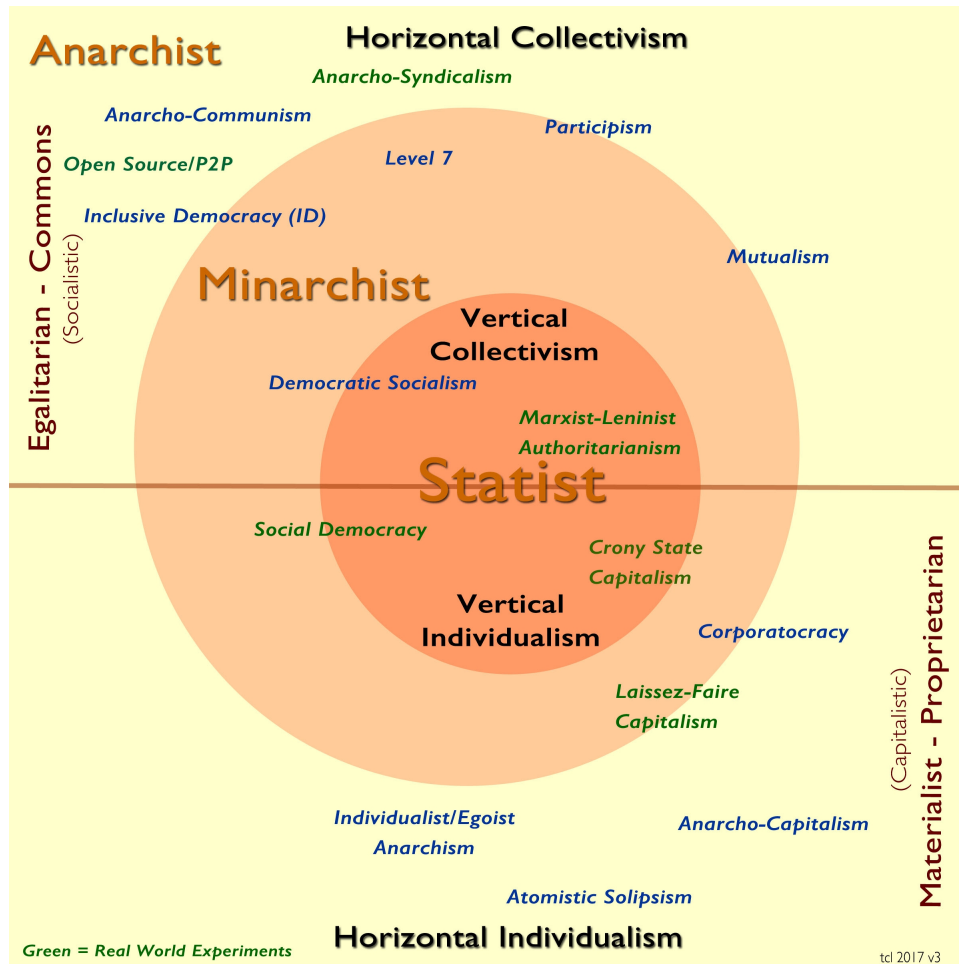
In a Level 7 political economy, the idea of "profit" represents something much different from what it currently does in traditional crony capitalism found in the U.S. and other developed countries. It is such a stark contrast, in fact, that the clearest representation is to compare the two conceptions side-by-side:

Nature of Profit	Level 7	Traditional Crony Capitalism
1) As a reward for...	• Demonstrated Creativity • Demonstrated Complex or Demanding Learned Skills & Abilities • Demonstrated Innate Talents • Demonstrated Knowledge • Enhancing or Strengthening Civil Society • Innovations & Research that Benefit Health & Well-Being • Reviewed & Validated Scientific Discoveries • Demonstrated Self-Sacrifice for the Betterment of Others • Demonstrated Endurance (Longevity) and Effectiveness in a Social Services Roll • <i>Technocratic Expertise</i> • Exceptional or Unusual (Outlier) Contributions to a Particular Field • Demonstrated Efficiencies or Lowering Overhead within Ostrom's Common Pool Research Management Schema • Solutions That Demonstrate Long-term Viability & Sustainability • <i>Increasing Market Share through Competitive Differentiation/Improvements</i> • <i>High-Risk Startup Investment</i>	• Increased Efficiencies of Production or Lowering Overhead (automation, reducing wages, outsourcing to developing economies, etc.) • First-To-Market Innovations • Top 5% of Exceptional Creativity/Skill/Ability • <i>Increasing Market Share through Competitive Differentiation/Improvements</i> • <i>High-Risk Startup Investment</i> • High Pressure Sales & Persuasive or Deceptive Advertising/Marketing • Creating Consumer Dependency & Addiction • Coercing Maximum Labor Output • Disregard for Worker Safety • Reckless Natural Resource Extraction & Depletion • Monopolization • Price-Fixing & Anti-Competitive Practices • Disregard for Negative Externalities • Disregard for Consumer Safety • Conspicuous Consumption Coupled with Price-Elastic Demand • Engineering of Artificial Scarcity • Rolling Back Regulations • Lowering Business Tax Rate • Socializing Risk While Privatizing Profit • Encouraging Consumer Debt • Encouraging High-Risk Speculation (Gambling) • Overcharging, Excessive Fees, Interest Gauging, Hidden/Undisclosed Costs • Planned Obsolescence • Bait & Switch • Delivering Illicit Products/Services • Aggressive Self-Promotion & Political Cleverness • <i>Technocratic Expertise</i> • Zero-Value-Add Rent-Seeking Activities

2) To be shared by...	• All Workers and Member-Shareholders of a Cooperative, Democratic Enterprise	• Select Owner-Shareholders & Senior Executives in A Command-Style Enterprise
3) With <i>holistic valuations</i> & margins to be influenced by...	• Self-Managed Workers • Community Organizations • Citizens Councils • Direct Democracy Referenda	• Owner-Shareholders, Executive Board Members & Senior Managers • Marketing & Competitor Pricing
4) With standardization & regulation of for-profit enterprise via...	• Elected Technocrats with Specialized Expertise • Direct Democracy Initiatives & Referenda • Co-Created Legislation (Technocratic Initiatives as Approved by Direct Vote) • Citizen's Councils	• Corporate Lobbyists • Career Politicians Who Often Have Little-to-No Specialized Expertise

As you can see, there is very little overlap between these two incentivization and planning structures, with a more direct linkage between profits and prosocial and pro-civic activities in Level 7 than ever could be achieved under traditional capitalism. This is a fundamental consideration in Level 7, and it will be familiar to anyone who has read economists Veblen, Schumacher, Sen and others in their company: *there needs to be a clear values linkage between free enterprise and civil society; the two cannot and should not operate independently of each other.* In fact, as I write on the Level 7 website: "The objective will be to subjugate business activities to civil society, rather than inverting that relationship as it is today." Why shouldn't the most socially productive enterprises – enterprises that provide the greatest, most prosocial and widely shared benefits to civil society – be rewarded the most, instead of those that are self-serving or even socially destructive?

Now we could just stop there and allow our imagination to populate the various domains in non-profit and for-profit enterprise at all levels of society – community, district, megalopolis, province or state, regions, nations, etc. And really in any system that attempts to honor subsidiarity, direct democracy and polycentric governance for the common good, leaving it to participatory imagination could be enough. But there are also natural barriers to conceiving of alternatives to current political economies, and those theorized via proposals across the political and economic spectrum. We have become accustomed to and comfortable with the familiar, unaware of alternatives, distracted by our commercialist spectacle, and seduced by inertia. So the spirit of Level 7 proposals is to explore what some as-yet-unimagined alternatives might look like....



In Level 7, for-profit and non-profit designations can be addressed to some degree via the collectively designated *holistic value* for a given product or service, as this valuation process will inherently expand or contract potential profitability. How do we arrive at *holistic value*? In brief we can apply the following formula, which expands slightly upon previous conceptions described in [Political Economy and the Unitive Principle](#):

$$\begin{aligned}
 &\textbf{HOLISTIC VALUE =} \\
 &\text{Intersubjective use value (the aggregate of [culturally esteemed, desired \& dependent utility](#))} \\
 &\quad + \\
 &\text{Evidence-based contribution to balanced, high-quality multidimensional nourishment (i.e. support \& stimulation for the thirteen dimensions of [Integral Lifework](#) – both individually and collectively)} \\
 &\quad + \\
 &\text{Perceived ongoing facilitation of social cohesion, civic engagement, community empowerment and vibrant democracy}
 \end{aligned}$$

As part of this process, we can even target the "fulcrum's plane" of ideal nourishment to refine *holistic value* with objective metrics – metrics which can then be made available to all via the [Public Information Clearinghouse](#). The fulcrum's plane in this instance refers to an optimal range of nourishment across all thirteen dimensions of wellness, which of course will be a spectrum for each individual and different groups demographics, but can be generalized for a community, megalopolis, region or other population boundary for the purpose of contributing to *holistic value* calculations.

DEPLETION ←	OPTIMAL RANGE	→ EXCESS
1. Damaging 2. Empty Reserves 3. Partially Depleted 4. Dissonant	5. BASELINE 6. Harmonious 7. Healing 8. Transformative	9. Competing (Impeding) 10. Cross-Canceling (Retrograding) 11. Addictive 12. Damaging

Ultimately, *holistic value* offers an avenue of defining and encouraging prosocial, pro-civic, pro-wellness productivity, and then – in conjunction with production costs and fixed markup percentages for each stage of supply and distribution – to calculate a collectively-agreed-upon final exchange price index for categories of goods and services. In other words, this public deliberation would include fixed markups for different distribution methods – brick-and-mortar, online storefronts, informal 3D printer file distribution, etc. – and each link in the supply chain. All of the fixed markups across production, distribution and servicing could then also be indexed in accordance with *holistic valuation*, so that the same social values are promoted from end-to-end. Really, any formulation could be used as long as it is consistent; the objective is for exchange values to reflect $[(actual\ production\ costs + fixed\ markup) + holistic\ valuation + (actual\ distribution\ costs + fixed\ markup)]$ in the most fluid, transparent and publically managed way possible. In this way, Level 7 seeks to minimize profits and growth, and maximize economic stability along with equitable distribution.

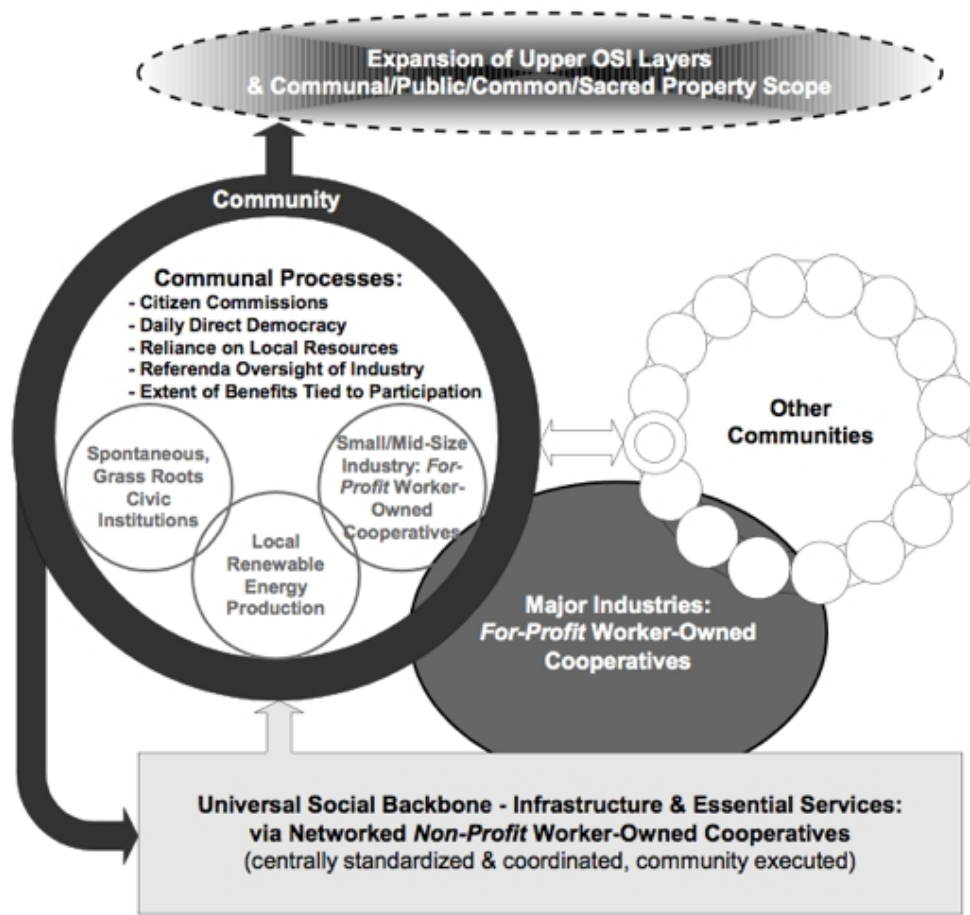
(Note: For additional discussion, and an overview of how *holistic value* figures into a redefinition of property, see [The Level 7 Property Position](#).)

By promoting such a system of goods and services valuation, and infusing the process with direct democratic mechanisms and community oversight, we have the opportunity to short-circuit externalization and commodification – along with the deceptive manipulation, fetishizing and unconscious lemming behavior that often accompanies these practices – and invite more detached, intersubjective, intrinsic and spontaneous assessments of value. How does this short-circuiting occur? From one perspective, it is because we are aiming, individually and collectively, to evolve beyond profit-seeking and individualistic materialism toward the nurturing, prosocial, egalitarian orientations of our higher selves; we are consciously honoring and reinforcing the ever-expanding arenas of compassionate affection inherent to moral maturity, rather than the I/Me/Mine acquisitive egotism of capitalistic toddlerization (see [Integral Lifework Development Correlations](#) for elaboration on this topic). And by honoring and energizing the *better* over the *base*, we encourage its flourishing: the innate values, virtues and characteristics we want to drive and support our society [will be the ones we feed](#).

In harmony with this form of valuation (and, ultimately, price-setting), I think it can be argued that enterprises engaging in the most supportive and "holistically valuable" products and services should also have the greatest opportunity to (collectively) profit from those activities – at least in the initial iterations of Level 7 that maintain a robust exchange economy. And, as we're redefining incentivization end-to-end, those standards should remain consistent throughout whatever system we implement. This speaks to how fixed markups throughout production, distribution and servicing would be consistently and transparently indexed; how wages are set within an enterprise; and indeed how social credits are awarded for Level 7's [Universal Social Backbone](#) (USB). In any case, this provides our first criterion for a viable, values-supportive incentive that itself aims to inhabit the "optimal range" of profitability that is *neither deficient nor excessive*.

Regarding the Universal Social Backbone, we will also want to conceptually and functionally separate USB infrastructure and services from enterprises that compete in an exchange economy to provide goods and services above-and-beyond civic fundamentals. The nature, rationale and proposed extent of USB infrastructure and services – which again will likely have considerable variability among different localities with different needs – is

covered in detail in [The Goldilocks Zone of Integral Liberty](#) essay. However, to help clarify which enterprises potentially reside within the USB and therefore participate in a social credits system rather than an exchange economy, I've provided an initial list at the end of this essay. For additional explanation, an overview of the various layers of enterprise participating in a Level 7 exchange economy is provided on the [A New Enterprise Schema](#) page of the Level 7 website, as illustrated by the graphic below. Essentially, there are many overlapping sizes and networks of non-profit and for-profit enterprise in that schema. At first glance, there might appear to be a contradiction between pro-civic economic activities that are partially incentivized by profit, and those which become networked non-profit infrastructure and essential services enterprises in the USB. But I think this issue will clarify itself shortly, as we examine the additional parameters in play and their projected evolution over time.



(From [Level 7 Enterprise Schema](#))

Another variable that informs differentiation of for-profit from non-profit is the knowledge, skill, creativity, innovation and cleverness inherent to a service or product. Here we also find an opportunity to include automation and computerization in the mix. Thus, if something can be produced in an automated facility, via Artificial Intelligence, or with an in-home 3D printer, and requires very little human skill to accomplish as an end-product, then it seems practical to designate it as a non-profit activity. At the other end of the same spectrum, if there is a substantial necessity for human involvement and skill – and perhaps high levels of skill – then it might logically be designated as for-profit when operating outside of the USB. I think this approach echoes the considerations of Marx, Ricardo, Smith and Locke regarding the uniqueness and importance of human labor's contributions to productivity in general – though of course it does not echo their particular conceptions of how this value should be calculated or managed. For example, I intentionally fall short of both a formal Labor Theory of Value (LTV) and labor theory of property/appropriation here – both because human labor is only part of the overall equation, and because private property ownership reinforces a tyranny that robs human beings of essential freedoms (see [The Goldilocks Zone of Integral Liberty](#) for further discussion of this topic). And of course at a Level 7 development of political economy, we're also taking a hybrid approach to commodities that intends to address many of Marx's concerns without completely doing away with money, private property, commodities or an exchange economy.

Now what also becomes important in this context is not to denigrate one type of skill or knowledge while elevating another – for, as with the pitfalls of property ownership itself, the arbitrary and capricious valuation of some skills or learning above others is one of the classic problems that manifest in traditional capitalism; we can and should avoid "fetishistic" amplifications in this regard. Lastly, although I'm addressing the creativity, skill and knowledge of labor separately from *holistic value*, ultimately these contribute to the same overall flavor of for-profit vs. non-profit differentiation.

We should take a moment to touch upon the rent-seeking and economic financialization that has become so prevalent both to modern capitalism's growth and seeming

amplification of boom/bust cycles. These are examples of what happens when profit is entirely disconnected from nearly every aspect of the participatory economic valuation described thus far (i.e. actualizing $[(\text{actual production costs} + \text{fixed markup}) + \text{holistic valuation} + (\text{actual distribution costs} + \text{fixed markup})]$ in the most fluid, transparent and publically managed way possible). The sort of high-risk, large-scale gambling that rent-seeking and financialization have come to embody – predicated only on "profit for profit's sake" and the wanton celebration of greed – is anathema to a Level 7 system. Which is why products and services within the financial industry – and indeed how society treats leveraging and debt overall – will require special attention. Just as with the fixed margins in conventional production, the same public feedback mechanisms can be in play with respect to individual and institutional leverage ratios, interest rates, credit access and debt burdens. The same indexing that applies to profits can be applied to these parameters as well, generating like-minded incentives, disincentives and perceived risk for a given enterprise based on the prosocial, pro-civic, pro-wellness values that enterprise does or does not promote. I also think it goes without saying that rent-seeking behaviors will understandably fall at the "perverse utility" end of the spectrum, with their profitability restricted appropriately.

Ultimately such deliberations lead us to the issue of money itself. When I was a young child, I remember observing a distinct contrast between two communities I lived in at different times. In one neighborhood, people helped each other take care of basic needs as a matter of social investment and reflex; there was a tacit understanding of mutual trust, sharing of resources, and willing reciprocation. When a frail elderly person needed their lawn mowed, a neighbor with a nice lawnmower would take care of it for them; when someone else needed a babysitter, the frail elderly person might step in to help; when the neighbor with the lawnmower had car trouble, another neighbor with tools and an automotive knack would help them fix it; and so on. This mutual aid was never something anyone questioned or avoided. Then, after a few years, I moved to another neighborhood, where this kind of community participation and relationship was not expected or encouraged. Instead, everything was paid for with money – even if a neighborhood kid offered to mow your lawn, you knew they expected to be compensated. And of course coinciding with this monetary expectation was a general isolation and separation within

the community itself – an inherent mistrust and loneliness among all my neighbors that in no small part was being expressed and expanded by money-centric relationships.

Observing this difference created a strange dissonance for me as a young person, and after much thought I concluded that money routinely supplanted trust between people. Either as a consequence of the breakdown of cohesive community – or indeed as a causal factor – reliance on monetary exchanges undermined human relationships on a fundamental level. I did not discover until many years later that Marx and others had come to a very similar conclusion on a macro level: that the exchange of money for objects and services abstracted social relations to such a degree that those relations could be damaged or destroyed. Eventually, I would come to see that individualistic materialism – amplified as it was by the commercialism, conspicuous consumption and deliberate infantilization of consumers – was really at the heart of this destructive tendency, and that money was simply the language it most frequently employed.

So I was not surprised when I eventually encountered a convergence of evidence and insight around this issue. For example, interdisciplinary research illuminating the positive impact of genetically predisposed prosocial traits and group selection on human survival (see Grit Hein, Scott Huettel, Barbara King, E.O. Wilson et al); or Kropotkin's examination of mutual aid as a guiding principle of social organization; or my personal experience of the obvious advantages of collaboration and cooperation (over "rugged individualism" or "going it alone") in nearly every life context; or meditating upon the Apostle Paul's warning to Timothy that "the love of money is the root of all kinds of evil." Beyond simply confirming my assumptions and observations around this issue, it became painfully clear that capitalism was an unnatural and corrosive imposition on the human condition.

Which brings us to how I propose mitigating the antisocial impacts of money and commodification in a Level 7 political economy. I do envision a moneyless gift economy as an eventual evolutionary certainty in humanity's moral progression, as would be increasingly expressed in Level 8 orientations and above in the [Integral Lifework Development Correlations](#). We already know that profit is not a necessary incentive for human activity, inquisitiveness or excellence – we see strong evidence for this in the Open

Source movement, P2P knowledge sharing, the excellent academic research and innovation performed by unpaid students and interns, the joyful intensity of various hobby clubs and professional societies, and in the relationships and communities referenced earlier *where people simply care about each other*. In fact, contrary to the wishful thinking of market fundamentalists, the vast majority of modern technological and scientific innovation and excellence has arisen from such non-profit-centric or publically funded activities. But we haven't yet arrived at either a post-scarcity world or the sufficient collective moral maturity to support a 100% gift economy. So what can we do for now...?

The current Level 7 proposal centers around the concept of community-centric [common property shares](#). As quoted from Level-7.org:

"Right now when we stand in almost any location - populated or not - and look around, most of what we see are things that other people individually own, or things that corporation own. Cars, buildings, businesses, parks, forests, pastures and so on. But what if, instead, when we looked around at the same things, we felt a sense of communal ownership? And what if we knew - in a calculable, easily estimable and indeed semi-fungible way - the precise portion of that collective ownership that we had? And what if, just as common shares accomplish in business enterprises today, those shares also represented a voting right in how that property is managed, utilized, safeguarded and so forth? That is what common property shares are meant to accomplish....

....There would be a universal data repository - an accounting and tracking system - of all commonly held assets that acts as the backing for currency. So, when we look around us we will see the actual backing for the currency we use in our economic transactions. If those assets are maintained, the value of our currency is likewise maintained; and if those assets are depleted or destroyed, the value of our currency is reduced and/or our shares are reduced. Of course, there would need to be a carefully balanced proportionality between local, national and international currency valuation and local, national and international common ownership systems; we would want to diffuse (or aggregate) the backing variability as much as possible to create stability, while still encouraging localized contributions to the whole. Some universal percentage of the common property shares would therefore be allocated to district, state and national common repositories, as distinct from community allocations. In this way, the backing for currency is as diffused as the issuance of currency.

Now we need to ask: what constitutes an asset? And this is where things get interesting, because, using concepts inherent to *holistic valuation* in an L7 property position, what a community creates or shepherds as “valuable” can correlate with any of the dimensions of Integral Lifework - across all layers of OSI abstraction, and across all scopes and arenas of social good. In this way, a community can increase its total common property shares, and the individual holdings of property shares among community members. From community to community the emphasis may vary, but the framework is shared across all communities (which is what makes the community assets semi-fungible after all). In many ways, these common property shares are a concrete representation of political obligation or collective agreement around civic responsibility and engagement."

So the basic idea is to use a universal data repository to assign and track common shares for every person of voting age, so that they have a direct stake in the sustainability of how various resources are managed and improved, and ultimately even in how currency itself is valued. Which means that "money" itself is directly linked not to the *usurping* of prosocial relations, but to the *fortification* of those relationships for mutual benefit. There are other implications to this system that will need to be explored – such as how share values and per capita quantities correlate with variable population; the different categories of shares, some of which can be traded or transferred; the relationship between social credits, civic accountability, and common share values and velocity; and so forth. But for now we've outlined the basic idea.

There is another important area to discuss, and that is the one substantive holdover from traditional capitalism in Level 7: startups and a stock exchange. In Level 7 the currently monolithic NYSE will all but disappear, with the remaining speculative activity orbiting around high-risk outlier startups for new products and services. Although the valuation of privately held shares can be indexed in accordance with *holistic value* and the other variables discussed so far, these will still be *private* shares – not common property shares – held in equal portion by workers and investors. Essentially, this provides those craving high-risk/high-return gambling opportunities with a focused outlet for their passion, and encourages potentially disruptive innovations, improvements and change that might otherwise not enter the mainstream. It also concentrates any losses on those directly involved in the startup. In conjunction with the guiding influence of subsidiarity and the

precautionary principle, however, both the risks and the change will still be managed with public input and technocratic oversight.

As a startup succeeds and grows, the shares could first increase to the maximum allowed per-share value within the public indexing for that product or service, and then split into additional shares in proportion to ongoing increases (or consolidate if the value declines below the lowest index value limit). Within a set predetermined period, if the venture succeeds, the worker-held portion of shares could automatically be converted to common property shares and enter into the pool of currency-backing semi-fungible assets (still held by the workers). The shareholder portion of shares, on the other hand, could be divided into thirds, with one third converted to social credits linked directly to the investors, one third made available to the investors exclusively for new startup ventures, and the final third liquidated to fund USB expansion and maintenance projects.

Would such a system still encourage an elite shareholder class who effectively holds much of the wealth in society? Sure – but if social credits are the only thing actually being accumulated and concentrated to the investor's benefit, there is a natural limit to the self-serving utility of such wealth. The investors will not have disproportionate influence over the business they have invested in, or how the earnings transferred to the USB are spent, or how technocrats and council members are elected, or how legislation is written or becomes law. Speculative investment will effectively become a potentially lucrative hobby...but it will no longer contribute to a plutocratic hegemony. In Level 7, civil society is protected primarily by strong democratic processes across all of its political and economic institutions – processes which cannot be bought or distorted by the influence of wealth.

Okay...so what is the end result of applying the criteria discussed so far, with a conscious aim of reframing the profit motive? I think an ongoing, fluid and dynamic Level 7 separation would look something like this....

Products and services with the highest for-profit potential will demonstrate:

- High levels of support and flourishing with regard to civil society (above and beyond the USB)
- High levels of ongoing labor knowledge, skill, innovation and creativity
- High *holistic value* as previously defined
- High risk startup investment for outliers and disruptive innovation

Products and services with the lowest for-profit potential and highest non-profit potential will demonstrate:

- Levels of support and flourishing for civil society at or below USB stability and functionality
- Most appropriate for automation or computerization (i.e. low levels of skilled human labor, creativity, knowledge, etc.)
- A moderate to low *holistic value*
- Perverse utility (destructive to individual or social health)

Given these broad parameters, we can formulate a common-sense approach to deciding what are for-profit activities, and what are better suited to a non-profit designation in order to promote prosocial, pro-civic values in the formation and execution of human enterprise. Here is what that first sketch looked like to me, based on class of business entity and/or scope and nature (sector) of products and services in a handful of areas:

- **Sole Proprietorships** - should be able to choose for themselves, regardless of activity, but many would likely be for-profit because of their sector.
- **Veblen/Luxury Goods** - small for-profit worker-cooperatives or sole proprietorship.

- **Customized Production** (individually tailored goods) - small for-profit worker-cooperatives or sole proprietorship.
- **Goods & Services with Stable Standardization & Demonstrated Long-Term Price-Inelastic Demand** - non-profit worker-cooperative networks, or possibly distributed, small-scale automated factories.
- **Natural Resource Extraction & Allocation** - non-profit worker cooperatives & for-profit sole proprietorships.
- **Customer Service, Training & Support** - for-profit worker cooperatives.
- **Specialized (Technocratic Guild) Education** - for-profit worker cooperatives.
- **Food Production** - non-profit collectives & for-profit sole proprietorships.
- **Banking & Financial Services** - non-profit worker/member cooperatives.
- **Insurance** - non-profit worker/member cooperatives.
- **Distribution & Retail** - non-profit worker/member cooperatives.
- **Artistic Expression** - small for-profit worker cooperatives.
- **Engineering & Technology** - sole proprietorships or for-profit worker cooperatives.

Circling back on democratic product and service valuation, any for-profit enterprise will still have the value indexing of its goods and services – and the scope of its products, services, jobs, activities and overall footprint in a given community – determined in large part by [Daily Direct Democracy](#) and [Citizens Councils](#). So just how profitable a company will be is going to be heavily influenced by its conscious engagement with the community and integration of the community's priorities, independent of its for-profit designation. The incentive that profit offers in this context is to incorporate shared social values and diffused cultural capital into the equation – to once again subjugate free enterprise to civil

society. From a philosophical perspective, we could again say that "profit" in this milieu is energized by a willingness to actualize collective egalitarian virtues, rather than an obsession with individualistic materialism. *It is intended to be a complete reframing of what for-profit means within a context of horizontal collectivism.* As such, we should recognize the possibility of entirely new classes of business entity, and entirely new sectors of business activity, that evolve around a prosocial focus. In such an environment, it seems a certainty that human beings will be just as creative, complex and intricate at innovating around the common good as they have been at inventing new forms of rent-seeking; we have just offered up a much healthier flavor of cheese, and will go about defining and managing it in participatory rather than autocratic or authoritarian ways.

That said, we can also identify some problems with the initial list – and indeed with this entire approach. What rapidly becomes evident is that as neat as these kinds of divisions may look on paper, in the real world they frequently overlap. For example, the same enterprise may participate in goods or services subject to sustained periods of price-inelastic demand, while at the same time producing luxury items; likewise, the same small business may be involved in both *natural resource extraction* and *customized production*. And of course there will be overlap between goods and services that fall under the Universal Social Backbone (as some in this list already do), and those that participate in the exchange economy. In addition, there may understandably be vociferous disagreement over what constitutes perverse utility, or which products and services maximize *holistic value*.

But accounting for such divisions and dynamics within a single enterprise will not be that difficult – in fact this already happens in many larger organizations today, it's just that the mechanisms are either legalistic and arbitrated via complex and costly litigation, or they involve convoluted accounting practices. In a Level 7 enterprise, these burdens are diminished by a relaxation of the profit motive on the one hand, and truly collective enterprise governance on the other (i.e. the involvement of workers, consumers, communities, and voters in the process...instead of just owner-shareholders). In fact this should also help alleviate another counterproductive variable: the potential advantage larger enterprises with greater internal resources might have over smaller ones in

implementing and maintaining fluid adjustments. Even so, there is no reason why smaller enterprises couldn't pool or network their most critical resources to match economies of scale, while at the same time competing with each other. Across industries with increasing standardization and long-term price stability, this has already happened after available efficiencies were maximized.

However, due to the potential for increased complexity – and a desire to manage concentrated capital accumulation itself – a "wealth tax" could be implemented that applies to all fixed and liquid assets. Initially, this could be a progressively tiered tax for both individuals and enterprises. Eventually, as more and more aspects of the overall exchange economy are converted to [common property shares](#) (that is, as more and more property advances to an egalitarian [property position](#), and both private property and the exchange economy itself attenuate), the wealth tax could be calculated on those shares, and contribute directly to the social credits system that operationalizes the Universal Social Backbone. In other words...the exchange economy will itself begin to shrink in overall size and scope, as its functions are replaced more and more by enterprises within the social credits system. And this is one reason why the USB is not really a contradiction, because for-profit business and the profit incentive itself will ultimately be absorbed into the USB over time, transforming them to non-profit activities. A longer-term goal, to be sure, and an indication of transition beyond Level 7 to more morally advanced political economies.

Something that should also be kept in mind is that Level 7 also aims to create highly diffused and distributed enterprises – all the way down to the community level if possible. The idea is to promote localization of production and services, so that community engagement in oversight and planning can have real traction. This also facilitates competition between non-profit and for-profit enterprise at the local, regional and national levels, as well as competition between non-profit collectives for USB infrastructure and services at the local level. Thus the USB and overall economy is itself implemented and managed in a decentralized way, but relies upon universally adopted standards. Another Level 7 objective is to encourage [friendly competition](#) that replaces any antagonistic rivalries, so that the long-term advantages of competing approaches to goods and services can be maintained.

Finally, it should be reiterated that all of this is linked to indexed wage considerations and profit-sharing. From [*Political Economy and the Unitive Principle*](#):

"The ratio between the salary of the highest paid individuals in a given field and that of the lowest paid individuals in the same field - as well as what the highest and lowest wages would be, the benefits of seniority, and other aspects of pay structure - could be publicly set through a direct democratic process by the general populace for all businesses that are not privately owned (i.e. for all businesses except sole proprietorships and very small businesses). The same formula could be applied to the ownership of communal property shares. To avoid rapid salary swings, changes could be incremented over time. In addition, the highest and lowest wages across all of society could also be democratically set to reflect their *holistic value* as evaluated and agreed upon by the electorate. In both cases, this wage-setting process could be repeated regularly every few years. Using some combination of consistent calculation factors, this would reflect a more equitable distribution of wages within organizations and across whole industries, especially as some positions between those organizations become interchangeable. To include a competitive variable in this equation, profit-sharing would not be part of these set wages, but in addition to it. However, profit-sharing could also be distributed according to exactly the same wage ratio. There could of course be other profit distribution mechanisms, but the goal is to curtail the stratospheric concentration of wealth in any individual or group of individuals."

Here again the intention is to reflect the values hierarchy expressed in the reframed profit dynamics of the Level 7 exchange economy. This is really something that can be tactically managed within each organization, so that the routinely scheduled public referenda would be advisory, corrective and strategic in nature – part of the checks and balances that facilitate a level playing field via a participatory values hierarchy. Of necessity, therefore, all wage agreements within each organization would be made available for discussion, analysis and debate via the [Public Information Clearinghouse](#). At some point, we might also conceive of a "wisdom-of-the-crowd" AI mechanism that contributes to both wage calculations and intersubjective use values, where human behaviors are organically observed across communities and society as a whole, providing a reliable hint of predictive trends in-the-wild. The more contributing input streams the better, in my view, to synthesize a truly dynamic and culturally responsive calculus.

One obvious casualty of wage-setting consistent with Level 7 values will be competitive or commissioned sales. In fact the entire orientation of sales culture will of necessity shift away from "getting to yes by any means possible," often incentivized by carrot bonuses and stick quotas, as this almost universally results in misleading tactics and manipulative relationships within sales organizations and between resellers and customers. Instead, "selling" will be about actually matching authentic customer needs and preferences with the most appropriate, reliable, high-quality and innovative product or service – even in the case of Veblen goods. And how is this new paradigm incentivized? By the potential increase in value to common property shares for a successful enterprise over time, which will be influenced by long-term community and customer satisfaction - *and much less by quarterly sales performance.*

Now a question that inevitably arises to permeate discussions of for-profit enterprise is: *where do the profits go?* Some portion will of course convert to common property shares, which in turn will be owned by the workers and consumer-members of the cooperative. And some portion will be paid into the USB system via the proposed wealth tax. Some portion will be used to expand enlarge the enterprise or expand its capacities. I think there is ample opportunity to experiment with new allocations and configurations, as well as observe what has worked for existing for-profit cooperatives around throughout recent history. In this instance, we need not reinvent the wheel...just steer it in a more socially productive direction.

Of particular interest is the idea that common property shares are tradable, transferrable, and accumulable. I frankly am still in the process of working out conceptions of this landscape in detail, but this part of what makes communal assets semi-fungible: the representation of their value in currency is dependent on like being exchangeable for like across all zones of economic activity; they are mutually substitutable, with the main limitation being that the residents of a given community (or workers in a particular enterprise) are tied to assets in their local community and workplace. This an important feature of Level 7 both via its representation of subsidiarity and its reinforcement of community engagement and accountability. Along these lines, I think it would be critical for there to be a gradual vesting schedule for accumulating and maintaining distributions

of shares – a period during which a community member or worker-owner's percentage of share allocation or ownership slowly increases (perhaps by 15-20% per year?) until fully vested.

But what if a person moves from one locality to another, or changes employment? My instinct would be to treat such movement similarly to how a primary residence in real estate is considered in our current landscape (albeit without any realtors being involved): assets would need to be relinquished – in exchange for their current value – back to the community and the originating enterprise, with the expectation and restriction that the proceeds be reinvested in a new locality or enterprise within a set period of time, and for the current value of those assets to avoid subjection to a hefty wealth tax. Such a reinvestment – which is essentially a transfer of like for like – would not be taxed, and subject to minimal fees. At the place of origin, the relinquished assets could be held in trust until either a) re-assigned to a new community member or worker/member-owner who becomes fully vested over time; or b) redistributed to existing fully-vested community members or worker/member-owners if the population or workforce remains static or declines.

Why?

As to the whys and wherefores of Level 7's insistence on these values, priorities and approaches, their advantages should be fairly clear to anyone who has studied the deleterious impact of capitalism on civil society – and especially the flavor of capitalism so aggressively and successfully championed by proponents of [neoliberal ideology](#). But for those as yet unfamiliar with the imperative to evolve beyond commercialistic corporatism and conspicuous consumption, I've elaborate upon the central concerns here: [A Case Against Capitalism, Reviewing the Evidence](#). What I am proposing, therefore, is mainly an intentional remedy the problems of modern capitalism. Wherever I have fallen short of this, I am hopeful that others will take up the baton and run with it.

Universal Social Backbone (Essential Infrastructure & Services) Examples

- **Ubiquitous Technology:** Pervasive internet communication technology and access equality; renewable energy production that is highly distributed and available to all; variations of equally available personal communications technology based on universally implemented standards.
- **End-to-End Mass Transit:** So that regular schedules of bus, trolley, train and plane can seamlessly transport people from within a mile of their homes to within a mile of any other urban or suburban destination on the planet at a relatively low cost.
- **Open Mediasphere:** All media and communications platforms, technologies, frequencies, channels and bandwidths are available to all contributors, and accessible by all consumers.
- **Equitable Legal Systems & Services:** Public funding of all lawyers and legal services; qualified judges appointed to limited terms by lottery and subject to recall votes; juries selected by lottery; adoption of Dworkin's "Law as Integrity" or other consistency standard.
- **Protected Nutrition:** Guaranteed availability of low-cost basic nutrition; a robust and sustainable food supply (organic, genetically diverse, non-engineered); a move away from large, centralized production to more distributed, local production.
- **Universal Public Education:** For all levels of education, in all disciplines, provided equally to all applicants.
- **Universal Wellness Services:** For healing, health, well-being and self-care training and resources in all dimensions, and inclusive of encouraging moral development.
- **Universal Employment Training & Job Placement**
- **Universal Unemployment, Disability & Retirement Insurance**
- **Public Health & Safety Services:** Well-provisioned and staffed fire, police, ambulance, rescue, disaster mitigation, consumer protection, etc.

- **Public Housing:** Temporary public housing when pursuing education, transitioning between jobs or regions, engaging in retraining, holding public office, or during periods of disability, recovery or medical treatment.
- **Member-Owned Banking:** No more privately owned banks; no more privatize profits with socialized risks; no more high-risk speculative instruments.
- **Public Monetary System & Macroeconomic Stability:** Monetary system styled after the Chicago Plan (see “The Chicago Plan Revisited” at <http://www.imf.org/external/pubs/ft/wp/2012/wp12202.pdf>), and a favoring of a stable exchange rate and independent monetary policy over free capital flows.
- **Fundamental Scientific Research**
- **Public Mail & Shipping Service**
- **Reintegration, Rehabilitation & Training for All Non-Violent Criminals**

In conclusion, all such facets of profit – including many not yet explored – will require revisiting and adjusting according to real-world conditions. However, there is no reason to doubt humanity's continued capacity to reinvent itself in response to new knowledge, environments, technologies and systems of governance. In the spirit of Elinor Ostrom's research on Common Pool Resource Management, we just need to appreciate the design criteria that prove the most effective over time, and initiate community-level pilot projects to test those assumptions with broader and more comprehensive scope. In fact, why couldn't there be multiple pilot efforts that compete with each other for reliability, scalability, sustainability and so forth? Regardless of implementation, pushing past a theoretical reframing of profit to evaluating its efficacy in praxis has already become the moral imperative of our time.